

Message Text

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FM AMEMBASSY TOKYO

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UNCLAS SECTION 1 OF 2 TOKYO 0071

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SUBJECT: EXPORT PROMOTION QUESTIONNAIRE

REF: A. STATE 238846; (B) TOKYO 2492, MARCH 4, 1973

SUMMARY: SINCE 1971 THERE HAS BEEN A SIGNIFICANT SHIFT IN GOJ TRADE EXPANSION ACTIVITIES TOWARD IMPORT EXPANSION. 1974 SHOULD SEE NEW ATTENTION TO EXPORT EXPANSION IN THE WAKE OF CHANGED JAPANESE BALANCE OF PAYMENTS AND FOREIGN EXCHANGE RESERVE POSITION. GOJ FY 1974 TRADE EXPANSION BUDGET ESTIMATES NOT YET AVAILABLE, BUT THERE ARE STRONG PRESSURES FOR MINIMAL INCREASES OVER FY 1974. GOJ EXPORT AND IMPORT PROMOTION PROGRAMS ARE GENERALLY SUCCESSFUL. PROGRAM PLANNING, MONITORING, AND EVALUATION BASICALLY PRAGMATIC. PROGRAM INFORMATION, CHANGES, AND EMPHAIS DESCRIBED AS REQUESTED. END SUMMARY.

1. OVERALL GOJ TRADE EXPANSION PROGRAM HAS UNDERGONE SIGNIFICANT CHANGE IN EMPHASIS SINCE LATE 1971 FROM EXPORT PROMOTION TO IMPORT PROMOTION. THIS SHIFT IN EMPHASIS WAS SPURRED BY STRONG JAPANESE BALANCE OF TRADE AND BALANCE OF PAYMENTS POSITION AND BUILDUP OF FOREIGN EXCHANGE RESERVES. THERE IS NOW EVIDNECE, HOWEVER, THAT EXPORT

PROMOTION WILL RECEIVE NEW ATTENTION EVEN BEFORE START OF GOJ FY 1974. THE WORD "EXTERNAL" IN JAPAN EXTERNAL TRADE ORGANIZAION (JETRO) DESCRIBES THE FLEXIBILITY FOR ALLOCATION OF EFFORTS BETWEEN IMPORT AND EXPORT ACTIVITIES. SINCE THERE IS NO FIRM BUDGETING BETWEEN IMPORT AND EXPORT ACTIVITIES, THERE IS LATITUDE FOR CHANGE IN EMPHASIS EVEN WITHIN A FISCAL YEAR. IMPORT PROMOTION, UNCLASSIFIED

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OVERSEAS INVESTMENT PROMOTION, AND IMAGE-TYPE PROMOTION ACTIVITIES WILL CONTINUE THROUGH GOJ FY 1974. GIVEN JAPAN'S CHANGING FOREIGN TRADE AND PAYMENTS SITUATION, HOWEVER, EXPORT PROMOTION ACTIVITIES WILL RECEIVE NEW EMPHASIS. ALLOCATION OF RESOURCES TO IMPORT PROMOTION, DIFFICULT TO PINPOINT, WILL PROBABLY RUN AT CLOSER TO

ONE-THIRD OF TOTAL BUDGET IN FY 1974 RATHER THAN ONE-HALF IN FY 1973 AS ESTIMATED IN REFTEL (B).

2. ESTIMATED OVERALL GOJ FY 1974 TRADE EXPANSION BUDGET AND ACTIVITIES WERE REPORTED IN REFTEL (B) ON BASIS OF APPROXIMATIONS ELICITED FROM JETRO OFFICIAL. THESE FIGURES SHOWED IMPORT PROMOTION ACTIVITIES AT 29 PERCENT OF OVERALL FY 1973 TRADE EXPANSION ACTIVITIES. WITHOUT CONSIDERING THE 10.4 MILLION DOLLAR PRIVATE CONTRIBUTION TO JETRO, IMPORT PROMOTION ACTIVITIES WERE REPORTED AT 38 PERCENT OF PURELY GOJ BUDGETED FUNDS.

3. WITH REGARD TO JETRO ALONE, REFTEL (B) DESCRIBED JETRO'S FY 1973 GOVERNMENT-FINANCED BUDGET AND ACTIVITIES AS ALMOST EQUALLY DIVIDED BETWEEN IMPORT AND EXPORT PROMOTION. THIS ESTIMATED BUDGET WAS REPORTED IN DOLLARS AT 17.6 MILLION BY CONVERTING THE ESTIMATED YEN FIGURE AT A 360 TO ONE RATE. A HIGHER-RANKING JETRO OFFICIAL NOW DESCRIBES THE ACTUAL FY 1973 GOVERNMENT-FINANCED JETRO BUDGET AT 6.3 BILLION YEN ALLOCATED AS FOLLOWS: ONE-THIRD FOR EXPORT PROMOTION; ONE-THIRD FOR IMPORT PROMOTION, OVERSEAS INVESTMENT PROMOTION, AND PROMOTION OF INTERNATIONAL UNDERSTANDING; AND ONE-THIRD FOR ADMINISTRATIVE COSTS. ON THE BASIS OF THIS LATEST ASSESSMENT, IT APPEARS THAT A MAXIMUM OF ONE-THIRD OF JETRO'S GOVERNMENT-FINANCED BUDGET AND ACTIVITIES WAS ACTUALLY ALLOCATED TO IMPORT PROMOTION IN FY 1973.

4. PRELIMINARY GOJ FY 1974 TRADE PROMOTION BUDGET REQUEST WAS RECENTLY SUBMITTED TO THE DIET, AND ESTIMATES ARE NOT YET AVAILABLE FROM EITHER MITI OR JETRO. THERE ARE, HOWEVER, STRONG PRESSURES WITHIN GOJ TO KEEP APPROPRIATIONS TO MINIMAL INCREASES OVER FY 1973 LEVELS. JETRO SPOKESMAN VOICED EXPECTATION THAT FY 1974 BUDGET ACTIVITIES WOULD AGAIN REFLECT THE SAME RATIO BETWEEN IMPORT PROMOTION AND EXPORT ACTIVITIES AS DESCRIBED PARA THREE ABOVE. HE MENTIONED, HOWEVER, POSSIBILITY OF RESUMED PRESSURES FOR* EXPORT PROMOTION ACTIVITY IN VIEW OF CONTINUING NEGATIVE JAPAN BALANCE OF PAYMENTS; DECLINING FOREIGN EXCHANGE RESERVES; AND ADDED NEGATIVE IMPLICATIONS OF OIL CRISIS ON JAPAN'S FOREIGN UNCLASSIFIED

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TRADE AND EXCHANGE RESERVES POSITION.

5. SEVERAL ORGANIZATIONAL CHANGES HAVE BEEN EFFECTED WITHIN JETRO REFLECTING: (A) IMPORT PROMOTION; (B) TECHNICAL ASSISTANCE-TYPE PROGRAMS TO HELP SOUTHEAST ASIAN COUNTRIES INCREASE EXPORTS, PARTICULARLY TO JAPAN; (C) AND OVERSEAS JAPANESE INVESTMENT. THE MOST IMPORTANT OF THESE CHANGES INCLUDE: ESTABLISHMENT OF IMPORT PROMOTION SECTION; ESTABLISHMENT OF SOUTHEAST ASIA COOPERATION SECTION; ESTABLISHMENT OF A NATIONAL RESOURCES AND INVESTMENT SECTION; AND ENLARGEMENT AND STREAMLINING OF THE PUBLIC RELATIONS SECTION INTO AN OVERSEAS PUBLIC RELATIONS DIVISION.

6. JETRO OFFICIALS DESCRIBE THESE NEW IMPORT PROMOTION PROGRAMS AS WELL AS ONGOING EXPORT PROMOTION ACTIVITIES*AS

SUCCESSFUL. THERE IS NO FORMAL*ZED PLANN*NG OF EXPORT OR IMPORT PROGRAMS AGAINST SPECIFIC GOALS OR PERFORMANCE STANDARDS FOR EITHER SPECIFIC TECHNIQUES OR FOR THE PROGRAM AS A WHOLE. SIMILARLY, THERE IS NO FORMALIZED MONITORING OR EVALUATION AGAINST GOALS. WHEN QUESTIONED FURTHER ON HOW PROGRAM SUCCESS IS MEASURED, JETRO OFFICIALS GAVE FOLLOWING EXAMPLES: JETRO-SPONSORED FOREIGN IMPORT EXHIBITIONS, MAINLY FOR DEVELOPING NATIONS, ARE LINKED TO INCREASED JAPANESE IMPORTS FROM THOSE COUNTRIES; INCREASED JETRO ACTIVITIES IN COMMUNIST COUNTRIES ARE LINKED TO INCREASED TRADE THERE; SERVICING OF TRADE INQUIRIES AND TRADE MISSIONS, RESEARCH, AND PUBLICATIONS ON THE JAPANESE IMPORT MARKET ARE ALSO LINKED TO GENERAL IMPORT INCREASES. LETTERS AND FAVORABLE COMMENTS FROM FOREIGN GOVERNMENTS, FOREIGN BUSINESSMEN, AND JAPANESE BUSINESSMEN THEMSELVES ARE ALL CITED AS INDICATORS OF PROGRAM SUCCESS. ON THE STRICTLY EXPORT PROMOTION SIDE, JETRO IS ENGAGED IN ACTIVITIES INCLUDING: (A) TARGETED REPORTING, MARKET RESEARCH, AND EXPORT OPPORTUNITY REPORTS WHICH ARE CIRCULATED TO JAPANESE BUSINESSMEN VIA A DAILY TRADE BULLETIN, A MONTHLY OVERSEAS MARKET PUBLICATION, AND A THREE-TIME-A-MONTH CIRCULAR SUPPLEMENT; A FOREIGN CREDIT REPORTING SERVICE; WORLDWIDE JAPANESE PRODUCT DISPLAYS IN JETRO TRADE CENTERS AND OTHER JETRO OFFICES; JETRO SOLO SHOWS AND JETRO ASSISTED PARTICIPATION IN NATIONAL AND INTERNATIONAL TRADE SHOWS; COLLECTION OF MARKET RESEARCH PUBLISHED ABROAD; COLLECTION OF SAMPLES OF FOREIGN-PRODUCED PRODUCTS; JETRO-ENGAGED LOBBYISTS ENGAGED TO INFLUENCE COMMERCIAL POLICY IN OTHER COUNTRIES; JETRO-ENGAGED ATTORNEYS TO REPRESENT JAPANESE COMMERCIAL AND MARKETING INTERESTS; JETRO SUBSIDIZED TOURS TO JAPAN FOR

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INFLUENTIAL BUSINESS LEADERS AND JOURNALISTS. FOR THESE STRICTLY EXPORT PROMOTION ACTIVITIES AS WELL, JETRO REPORTS NO PLANNING OR MONITORING AGAINST GOALS OR PERFORMANCE STANDARDS. THE GENERAL SUCCESS OF THESE PROGRAM ELEMENTS IS LINKED TO INCREASED EXPORTS BY COMMODITY AND BY COUNTRY. AGAIN, PRAGMATIC FEEDBACK, INCLUDING OPINION AND TESTIMONIALS FROM JAPANESE BUSINESSMEN ARE USED AS INDICATORS OF SUCCESS.

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7. JETRO OFFICIALS DESCRIBE THEIR ACTIVITIES IN SOUTHEAST ASIA AS STRONGLY IMPORT-ORIENTED. THIS EMPHASIS IS EXPECTED TO CONTINUE IN FY 1974. SPECIFIC JETRO IMPORT PROMOTION ACTIVITIES IN AND FOR ASIAN COUNTRIES INCLUDE: (A) SEMINARS ON UPGRADING PRODUCTION AND MARKETING TECHNIQUES; (B) TRADE AND INVESTMENT PROJECTS IN COOPERATION WITH THE JAPANESE SOUTHEAST ASIAN PROMOTION CENTER FOR TRADE, INVESTMENT, AND TOURISM; (C) TOKYO EXHIBITIONS FOR PRODUCTS OF SOUTHEAST ASIA AND OTHER DEVELOPING COUNTRIES; (D) SPECIALIZED MARKET RESEARCH TO IDENTIFY OPPORTUNITIES FOR SALES TO JAPAN; (E) SPECIALIZED JETRO PUBLICATION HIGHLIGHTING TRADE OPPORTUNITIES IN JAPAN; (F) LISTINGS OF SOUTHEAST ASIAN PRODUCT OFFERINGS IN JETRO PUBLICATIONS CIRCULATED IN JAPAN.

8. IN FY 1973 THERE WAS STRONG EXPORT PROMOTION EMPHASIS TOWARD EASTERN EUROPEAN AND ASIAN COMMUNIST COUNTRIES. THIS EMPHASIS WILL CONTINUE IN FY 1974. JETRO OFFICES ARE PLANNED FOR EAST GERMANY AND POLAND IN FY 1974. OTHER JETRO-SPONSORED ACTIVITIES PLANNED FOR FY 1974 INCLUDE: (A) INDUSTRIAL FAIRS IN NORTH KOREA, CZECHOSLOVAKIA, USSR, AND EAST GERMANY; AND (B) A PERMANENT EXHIBITION HALL IN MOSCOW FOR JAPANESE PRODUCTS.

9. MITI IS LESS FORTHCOMING ON PROSPECTS FOR FY 1974, BUT IT IS LIKELY THAT MITI NON-JETRO EXPORT EXPANSION ACTIVITIES WILL BEGIN TO PICK UP. SINCE LATE 1971, MITI EXPORT EXPANSION PROGRAMS WERE CUT AND TRIMMED. MITI NON-JETRO IMPORT PROMOTION BUDGET WAS REPORTED IN REFTEL (B) AT ONE-THIRD OF TOTAL TRADE EXPANSION BUDGET IN FY 1973. THE CHANGING JAPANESE FOREIGN TRADE AND RESERVE POSITION REFERRED TO IN PARA ONE ABOVE SHOULD ALSO SIGNAL A SHIFT TO GREATER EMPHASIS ON EXPORT EXPANSION IN THESE MITI PROGRAMS AS WELL. REORGANIZATION OF MITI INTERNATIONAL TRADE
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BUREAU AND THE TRADE AND DEVELOPMENT BUREAU INTO THE INTERNATIONAL TRADE POLICY BUREAU AND THE INTERNATIONAL TRADE ADMINISTRATIVE BUREAU WAS EFFECTED TO ACHIEVE GREATER EFFICIENCY. MITI TRADE EXPANSION PROGRAMS ARE CHECKED AND EVALUATED WITHIN MITI ITSELF AND BY OTHER MINISTRIES INCLUDING THE MINISTRY OF FINANCE AND THE ECONOMIC PLANNING AGENCY. THE LATE 1971 SHIFT IN EMPHASIS TO IMPORT PROMOTION WAS A DIRECT RESULT OF AN EVALUATION CONCLUDED BY THESE MINISTRIES. AS WITH JETRO PROGRAMS, HOWEVER, THERE IS NO REPORTED FORMAL SYSTEM OF PLANNING, MONITORING, OR EVALUATION OF PERFORMANCE AGAINST PREDETERMINED GOALS OR PERFORMANCE STANDARDS.

10. ANNUAL GOJ EXPORT TARGETS OR GOALS ARE NO LONGER IN EXISTENCE. AN ANNUAL EXPORT OUTLOOK IS, HOWEVER, FORMULATED IN ABOUT JUNE OF EACH YEAR.

11. JAPANESE PREFECTURAL AND CITY GOVERNMENTS ARE PERIPHERALLY ACTIVE IN EXPORT PROMOTION. IN PROMOTING LOCAL INDUSTRIES, SMALL AND MEDIUM-SIZED BUSINESS, ETC., SOME OF THESE LOCAL

PROGRAMS ALSO INVOLVE EXPORT PROMOTION. COORDINATION OF THESE LOCAL PROGRAMS WITH EACH OTHER AND WITH NATIONAL PROGRAMS IS NOT KNOWN TO BE PARTICULARLY CLOSE OR PLANNED, BUT THERE IS COOPERATION WITH LOCAL JETRO OFFICES. INFORMATION ON PROGRAM EFFECTIVENESS IS NOT AVAILABLE, AND SOURCES OF GENERAL INFORMATION ON INDIVIDUAL PROGRAMS ARE SCATTERED.

12. THE FIRST JAPANESE FLOATING TRADE FAIR WAS ORGANIZED IN 1956 BY THE JAPAN MACHINERY EXPORTERS' ASSOCIATION (JMEA). IN 1961, MANAGEMENT OF THE FLOATING TRADE FAIR WAS TAKEN OVER BY THE JAPAN INDUSTRY FLOATING FAIR ASSOCIATION (JIFF). SINCE 1956, TEN FLOATING FAIR VOYAGES HAVE BEEN COMPLETED. IN THE 17 YEARS OF THE PROGRAM, FAIRS HAVE BEEN COMPLETED. IN THE 17 YEARS OF THE PROGRAM, FAIRS HAVE BEEN HELD IN 112 POSTS IN 93 COUNTRIES, AND RECEIVED 1,650,000 VISITORS. THE PRESENT SHIP, THE SHIN SAKA MARU, WAS LAUNCHED IN 1972. AT THE END OF MAY 1973, JIFF HAD A MEMBERSHIP OF 120, CONSISTING OF MAJOR JAPANESE FIRMS, MANUFACTURERS, AND TRADE AND INDUSTRIAL ASSOCIATIONS. SUPERVISORY AUTHORITIES ARE MITI, MINISTRY OF FOREIGN AFFAIRS, AND MINISTRY OF TRANSPORTATION. FLOATING FAIR VOYAGES ARE ORGANIZED AT INTERVALS OF 18 MONTHS AND EACH VOYAGE LASTS FOUR MONTHS. THE FAIR SHIP OFFERS 300-430 BOOTHS TO ACCOMMODATE 400-820 EXHIBITORS. CONSTRUCTION
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OF CURRENT SHIP WAS FINANCED BY JIFF MEMBERS, AND ALSO FUNDS GENERATED BY GOJ ORGANIZED AUTOMOBILE AND BICYCLE RACES. EACH FLOATING FAIR VOYAGE IS FINANCED BY FEES PAID BY EXHIBITORS AND ALSO FUNDS ALLOCATED BY THE AUTOMOBILE AND BICYCLE RACES. IN ADDITION, OPERATING FUNDS ARE GENERATED BY JIFF BY LEASING THE SHIP WHEN IT IS NOT ON A FAIR VOYAGE. DESCRIPTIVE INFORMATION ON JIFF IS BEING FORWARDED SEPARATELY BY POUCH. BUDGET INFORMATION IS NOT AVAILABLE AT THIS TIME. THE EMBASSY WILL FORWARD ANY SUCH BUDGET DATA AS IT MIGHT BECOME AVAILABLE. PROGRAM EFFECTIVENESS IS JUDGED PRINCIPALLY ON THE BASIS OF PARTICIPANTS' EXPERIENCE WITH OFF-THE-FLOOR AND AFTER SALES ATTRIBUTED TO THE FLOATING FAIR'S ACTIVITIES.
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